



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS ARTS COUNCIL**

State Compliance Examination  
 For the Two Years Ended June 30, 2023

Release Date: May 16, 2024

FINDINGS THIS AUDIT: 7	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	1	2	2021		23-05, 23-06, 23-07	
Category 2:	1	4	5	2019	23-02		
Category 3:	0	0	0	2007		23-03	
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>7</b>				
FINDINGS LAST AUDIT: 7							

**INTRODUCTION**

The Illinois Arts Council (Council) was created through the Arts Council Act (20 ILCS 3915). The Council is governed by 21 private citizens from throughout Illinois, chosen for their commitment to the arts and are appointed by the Governor. The members serve in a voluntary, non-paid capacity and are responsible for developing the State's public arts policy, fostering culturally diverse quality programs, and approving grant expenditures. The functions of the Council are directed by the Council's mission statement: "to build a strong, creative, and connected Illinois through the arts." The Council received funds through the State of Illinois General Revenue Fund appropriations and federal grants from the National Endowment for the Arts.

**SYNOPSIS**

- (23-01) The Council's internal controls over its voucher processing function were not operating effectively during the examination period.
- (23-02) The Council did not perform monthly reconciliations.
- (23-03) The Council did not draft or adopt formal rules, including rules related to grant procedures.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**VOUCHER PROCESSING INTERNAL CONTROLS  
NOT OPERATING EFFECTIVELY**

The Council's internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Council to determine whether certain key attributes were properly entered by the Council's staff into the ERP.

Our testing noted 17 of 140 (12%) attributes were not properly entered into the ERP System. Therefore, the Council's internal controls over voucher processing **were not operating effectively.**

**17 of 140 (12%) attributes not properly entered into ERP System resulting in qualified opinion.**

Due to this condition, we qualified our opinion because we determined the Council had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even give the limitations noted above, we conducted an analysis of the Council's expenditures data for fiscal years 2022 and 2023 to determine compliance with the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Council did not timely approve 5 of 1,526 (0.3%) Fiscal Year 2022 vouchers processed, totaling \$19,455. We noted these late vouchers were between 13 and 19 days late.
- The Council did not timely approve 50 of 3,014 (0.2%) Fiscal Year 2023 vouchers processed, totaling \$1,259,793. We noted these late vouchers between 4 and 32 days late.

**55 vouchers were approved between 4 to 32 days late in fiscal years 2022 and 2023**

We also noted 2 of 35 (6%) vouchers tested totaling \$7,094, did not have adequate supporting documentation such as invoices and billings. (Finding 1, pages 8-9)

We recommended the Council design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommended the Council approve proper bills within 30 days of receipt and maintain adequate supporting documentation for vouchers processed.

**Council agreed with auditors**

The Council agreed with the finding and stated the Council has established procedures to ensure voucher processing functions are in place.

### **MONTHLY RECONCILIATIONS NOT PERFORMED**

The Council did not perform monthly reconciliations.

During our testing, we noted the following:

**Failure to perform monthly cash, appropriations, obligation, and contract reconciliations**

- Council did not perform monthly reconciliations with the Comptroller’s monthly Cash Report (SB05), Monthly Appropriations Status Report (SB01), Agency Contract Report (SC14) and Obligation Activity Report (SC15) for Fiscal Year 2023 and 2022.
- Council did not provide explanation for one of two (50%) differences amounting to \$3,000 in the SB01 Report during the lapse period for Fiscal Year 2022.
- Council did not provide explanation for all (100%) the monthly differences totaling \$1,025,618 in the SB05 Report for Fiscal Year 2023. (Finding 2, page 10-11)

**Council unable to provide explanations for difference between Comptroller reports and Council records**

We recommended the Council reconcile its records to the Comptroller’s reports in accordance with the SAMS manual.

**Council agreed with auditors**

The Council agreed with the finding.

### **FAILURE TO ADOPT FORMAL RULES FOR THE AGENCY AND GRANT PROCEDURES**

**Failure to adopt Council rules**

The Council did not draft or adopt formal rules, including rules relating to grant procedures. The Council’s grant expenditures were \$49,080,214 and \$13,787,250 for Fiscal Years 2023 and 2022, respectively. (Finding 3, pages 12-13)

We recommended the Council draft organizational rules and grant procedures, and work with the Joint Committee on Administrative Rules for assistance with the formal adoption process.

**Council agreed with auditors**

The Council agreed with the finding and stated the Council will continue to seek guidance from the Office of the Governor.

### **OTHER FINDINGS**

The remaining findings pertain to census data, cybersecurity, service providers, and disaster contingency planning. We will review the Council’s progress towards the implementation of our recommendations in our next State compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Council for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2023-001 and 2023-002. Except for the noncompliance describe in these findings, the accountants stated the Council complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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